

**Testimony of Kevin Van Dyke
to the
House Agriculture Subcommittee on Livestock and Horticulture
Washington, DC - September 26, 2006**

Thank you, Chairman Hayes and members of the subcommittee, for the opportunity to present testimony on behalf of the U.S. nursery and floriculture industry on matters relating to the condition and future success of the specialty crop industry. My name is Kevin Van Dyke and I am the President of Skinner Nurseries, based in Jacksonville, Florida. Skinner Nurseries, founded in 1973, is both a grower and distributor of green goods and is the leading supplier of green goods to the landscape construction industry in the south. The growing operations consist of two farms in north Florida totaling 1000 acres of production. The landscape distribution business consists of 23 locations in Florida, Mississippi, Texas, South Carolina, Georgia and North Carolina. Skinner Nurseries purchases plants from sources throughout the U.S., including the west coast, and services locations throughout the U.S.

This morning, my remarks reflect my own view as a member of the leadership team of Skinner Nurseries, as well as the views of our national trade organization, the American Nursery & Landscape Association (ANLA) and my state trade organization, the Florida Nursery, Growers and Landscape Association (FNGLA). This testimony is also endorsed by our sister organization, the Society of American Florists. Over the years I have been personally involved in a number of leadership posts and committees tasked with solving challenges facing the industry on both the national and state level. I will touch on some of those challenges – and opportunities – in my testimony.

Before I begin discussing specific issues and how they relate to the upcoming farm bill, I want to highlight that the U.S. nursery industry is a bright spot in agriculture. It is one of the few agricultural sectors that grew over the past decade; in fact, nursery and greenhouse crops are one of the three largest agricultural commodity groups in Florida, and we continue to grow. In 2000, Florida's nursery growers had farm gate sales of \$2.2 billion. Last year, despite the hurricanes, grower sales had soared to \$3.007 billion. As a national commodity group, U.S. nursery and greenhouse crop production ranks third in farm gate value behind corn and soybeans, but ahead of wheat, cotton, and tobacco. Annual production is in the range of \$14 billion at farmgate. The economic value of the entire green industry was recently estimated to reach \$147 billion. We are a successful and growing industry that translates into many jobs throughout the United States. I am honored to discuss how we might make it even more successful down the road.

Recently, Secretary Johanns has given voice to what we all know: spending directed through the farm bill goes to an increasingly small slice of the pie:

These specialty crops now are equal in value to the program crops, equal in value. But they receive virtually nothing, and they don't even get a subsidy. They don't receive anything So we have one group that gets the subsidies, another group that's equal in production value, larger in number that really receives nothing. (Remarks of Secretary Johanns to National Farmers Union, September 11, 2006)

Speaking for the nursery and floriculture industry, we are proud that we compete in a free market where we grow to meet the needs of our customers and not the dictates of a government program. What is more, the vitality of the specialty crop industry generally of which the Secretary spoke is directly attributable to the lack of program subsidies and the need to compete and win in the marketplace. Throughout our economy, we see a tailoring of products to meet individual consumer demand – 500 cable television channels instead of just three networks, for example. Agriculture is no different and we respond to our customers.

The success of the nursery, floriculture, and other specialty crops argues strongly against extending subsidies to our commodities. We do not want them and do not believe they would help our industry. Yet, the disparity in spending that Secretary Johanns described remains and policymakers like the members of this Subcommittee must address this with an eye to the proper role of government in 21st Century agriculture.

We take no position on the contribution of existing subsidies to other commodities but we argue strongly that the farm bill should be an investment that provides the tools for growers to compete domestically and internationally. This would include protecting agriculture through real and well-funded sanitary and phytosanitary programs and research to unlock future products and solve existing problems.

Risk Management and Federal Response

As agricultural producers, risks to our industry take many forms. The catastrophic natural disaster, such as a flood or hurricane, is one threat that I personally know first-hand. Similarly, pest and disease issues may strike just as quickly and may impact an area for many, many years. The ongoing threat of pests such as *Phytophthora ramorum*, the pathogen linked to so-called “sudden oak death,” and *emerald ash borer*, coupled with specific threats of *floods and hurricanes*, are issues that nurseries face on a daily basis. We take all of the precautions necessary on our end, but the reality is that federal risk management programs, despite recent improvements, offer unrealized potential to assist the industry to protect against losses related to plant pests and natural disaster emergencies.

Crop Insurance

Currently, the Federal Crop Insurance Commission (FCIC) only covers losses to the crop due to a “drought, flood, or other natural disaster (as determined by the Secretary).” Under a Federal or State quarantine, stop sales order, or phytosanitary restriction, some losses may be covered if the plant has been infected or exposed to a covered natural disaster, such as disease. However, phytosanitary restrictions frequently affect plants that have not been infected or exposed to a pathogen. Currently, there is a shortcoming in the law as there is no authority to provide coverage for plants that are ordered by USDA not to be marketed even when they are not infected or diseased. This needs resolution in the farm bill.

Federal Disaster Assistance

Hurricanes continue to pose a great threat to our operations throughout southeastern United States. As a result of the 2004 and 2005 hurricanes, nursery growers incurred heavy costs in cleaning up and removing structural debris. For the 2004 hurricanes, USDA provided Section 32 funds so nursery growers could receive \$250 per acre to offset clean up and debris costs. Until

December 2005, nursery growers were largely ineligible to participate in the USDA's Emergency Conservation Program (ECP). For the 2005 hurricanes only, nursery growers were eligible for ECP reimbursement up to 90 percent of the cost of emergency measures to remove nursery structure debris, such as greenhouses, shade houses and above-ground irrigation facilities.

Another tool that would be useful to production nurseries is the Tree Assistance Program (TAP). Although TAP conveys that it is designed to assist tree growers, nursery crop growers whose crops are the trees themselves have been excluded due to the fact that the trees are produced as trees rather than trees bearing fruits or nuts. TAP was expanded in the aftermath of Hurricane Andrew in 1992 to assist nursery tree growers devastated by that disaster only. And, for the 2005 hurricanes only, Congress provided TAP coverage for nursery growers.

To ensure nurseries are able to recover after such natural disasters, the upcoming farm bill should permanently expand the Emergency Conservation Program as well as the Tree Assistance Program so production nurseries are eligible to apply. This is a very high priority and would be of great benefit to nurseries not only in Florida but throughout the entire country, as production areas face the threat of various disasters.

Pest and Disease Issues

Despite the threat that pests and diseases pose to U.S. agriculture, farm bills have historically ignored these issues. Regardless of the history, the farm bill has become the primary expression of agricultural policy and must specifically address agricultural pests and diseases.

Access to Federal Funds

One of the biggest hurdles when dealing with pests and the USDA's response when a pest is detected is the inability of the USDA to access funds it deems as critical to fighting the pest in a timely way. Over and over, we have seen pest problems take "a pound of cure" because the system failed to provide an early "ounce of prevention." For the federal government to adequately fight against agricultural pests and diseases, Congress must re-establish the Secretary of Agriculture's preeminence. If Congress allows the Secretary of Agriculture access to Commodity Credit Corporation's (CCC) funds without unnecessary bureaucratic hurdles or policy review from the Office of Management and Budget, the original intent of the law will be restored. Currently, OMB time and time again disagrees with the Secretaries' assessments and too often denies funds. Statutory language in the farm bill is needed to ensure this streamlining of government procedure takes place.

Harmonize Equally Plant and Animal Disease Response

We strongly believe that agricultural policy should reflect a level playing field that allows market forces, and especially consumer demand, to communicate the necessary signals to agricultural production. As it now stands, agriculture policy gives livestock producers a preferred position over horticultural growers when it comes to disease and pest issues. In emergencies, livestock producers may receive compensation for the destruction of their property taken as part of an eradication or control effort. Plant growers may not receive compensation except in the highly rare – and obscurely defined – situation of an "extraordinary emergency." Not only is this unfair and unjustified, it creates enormous disincentives for reporting and early detection of

infestations. The Plant Protection Act should be amended to harmonize the statutes by allowing compensation to horticultural growers in times of emergency.

National Clean Plant Network

We support the creation of a National Clean Plant Network (NCPN). A lack of funding imperils programs for the production of clean planting stock for several key horticultural crops despite the grape, fruit and nut tree industries' dependence on these programs. The NCPN would establish or maintain centers that have the expertise, facilities and climate necessary to efficiently receive material including produce from abroad, and distribute healthy planting stock free of debilitating viruses and other diseases and advisory committee composed of industry representatives and researchers would establish the funding priorities of the network.

Now that the U.S. is a signatory to various trade treaties, and to comply with international standards, existing precautionary prohibitions to the importation of plants are likely to be modified or eliminated. As trade barriers are eliminated, pest and disease introductions inevitably will occur more often. The proposed National Clean Plant Network will allow scientists and facilities to help prevent pest and disease outbreaks. We consider federal funding for the establishment and maintenance of a National Clean Plant Network one of our highest priorities.

Pilot Program for Systems Approach to Nursery Regulation.

Recent experiences with *Ralstonia* and *Phytophthora ramorum* suggest that the regulation of nurseries is undergoing a fundamental shift. The premise behind a systems approach is that scarce resources of both the industry and the government are best focused on achieving sound production rather than chasing pests and diseases through end-point inspection. A systems approach, properly designed, may offer greater protection from pests at less cost to the government. Unfortunately, start-up costs are significant, as are many of the program costs that ultimately shift from the government to industry. Before a systems approach may be implemented, it must be determined with scientific certainty the systems will prevent the inadvertent spread of agricultural pests. We support creation of a Systems Pilot Program. With annual funding from the Commodity Credit Corporation, this program would fund the innovative development of systems approaches (such as best management practices) for the control of pest emergencies in the nursery or greenhouse setting.

Research

As a distributor of nursery crop goods to our customers, I value the importance of having a strong, healthy crop. I know first-hand the lengths that our staff at Skinner Nurseries goes through to ensure that our crop stays healthy. We are at the front lines of commerce. We sell what we grow to the landscape industry, which in turn designs, installs and maintains landscapes at corporate and residential locations throughout the United States. Our strength as a growing industry is only as strong as the commitment to research.

The nursery and floriculture industry substantially supports its own research needs. Its private foundations fund an average of \$3 million annually. USDA-ARS funding through the Floriculture and Nursery Research Initiative, which I will discuss shortly, continues adding valuable new tools and support to a segment of agriculture otherwise underserved in the USDA

budget. We do believe the federal government has a legitimate role to play as a research partner, and that investments in research will pay dividends in productivity and competitiveness.

Floriculture and Nursery Research Initiative

The nursery and floriculture industry substantially funds its own research programs, targeting near-term tangible results. The industry is also part of a three-way research partnership with USDA's Agricultural Research Service (ARS) and land grant universities known as the Floriculture and Nursery Research Initiative. Through the FNRI, the USDA-ARS is able to fund longer-term, higher-risk research that will solve major nursery and floriculture challenges relating to crop production, post-harvest handling, landscape success, pest management and environmental protection. Successful projects already funded by the FNRI have targeted environmental management, mechanization, and emerging plant pest crises such as emerald ash borer and *Phytophthora ramorum*.

FNRI funds leverage strong, collaborative research projects involving ARS' own scientists and facilities with state land grant universities and other institutions that are identified as "centers of excellence" for the type of research targeted. Last year, the FNRI was funded by Congress at \$6.25 million, a little less than a third of the ultimate funding goal of \$21 million per year. This year, the House maintained funding at the same level, \$6.25 million. We ask that Congress consider the past, present and future success that the FNRI brings and will bring to our industry when considering future funding levels.

Phytosanitary Research Fund

The connection between research and pest emergencies is too important not to address in a federal farm bill. The Plant Protection Act and international treaties demand pest regulation based on sound science, but often times the scientific knowledge lags behind the outbreak and the need for regulatory action.

The creation of a well-funded Phytosanitary Research Fund (from the Commodity Credit Corporation) for applied research directly related to an ongoing or immediately foreseeable pest emergency will supplement current eradication and control efforts and ensure the sound scientific basis of ongoing regulatory actions.

Conservation

Agriculture in the United States is held to a very high standard and we are working every day to live up to the expectation that we produce a quality product, we do so in a manner that respects and protects the environment.

Unfortunately for producers, investments in natural resource management and conservation are rarely recouped. Benefits to the farmer usually do not compare to the ecological and fiscal benefits for the public at large and for future generations. This is the context in which we support voluntary and incentive-based programs to encourage adoption of the most sustainable production methods.

Environmental Quality Incentives Program (EQIP)

We believe the Environmental Quality Incentives Program (EQIP) program has been a success story where nursery growers have had access to the program. Some have participated in EQIP and implemented environmental enhancements. However, nursery growers have not always had access to participate. We strongly support a mandatory allotment of funding for specialty crop production, including nurseries, within EQIP similar to what currently exist for the livestock industry. We also intend to work with all allies to expand general support for conservation programs.

International trade issues

USDA's Animal & Plant Health Inspection Service has initiated the process of revising Quarantine 37, the federal regulation that governs the importation of virtually all types of "plants for planting." So far, we are encouraged by the Agency's demonstrated commitment to working closely with its stakeholders. It is essential that a collaborative relationship continue.

Existing U.S. prohibitions on the importation of certain plant materials could be deemed non-tariff trade barriers under the standards imposed by international trade treaties to which the U.S. is a signatory. Although the U.S. nursery industry recognizes the validity of science-based international standards, a strong quarantine system must be maintained as the first line of defense against devastating pests and diseases, as we work to develop internationally-recognized programs such as national, mandatory certification and the revision of importation regulations based on properly conducted risk analyses.

Labor Shortages in U.S. Agriculture

According to the last available estimate by the U.S. Dept. of Labor (DOL), at least one half of agricultural workers in our country are unauthorized to work in the United States. Although the percentage of unauthorized workers in Florida's agricultural industry is not known, it is reasonable to assume that the percentage in Florida nurseries and other labor-intensive farms and ranches mirrors or even exceeds the national situation. Common estimates today run to 70 percent or higher.

The nursery industry employs a high percentage of skilled workers who work year-round. In fact, many nursery field workers have achieved supervisory or middle management status even though they started as entry-level laborers. Since U.S. farms have depended on improperly documented workers for at least several decades, it's also reasonable to assume that many Florida nursery supervisors and managers are undocumented. Let me clarify – employers have met their legal obligations, yet workers are commonly presenting identification documents that are not valid. The present situation has resulted from years of bad laws and failed policies.

While not necessarily a farm bill issue, it is time Congress address this situation in a comprehensive manner. Actual labor shortages and crop loss are being reported around the country, including Florida.

The comprehensive immigration reform bill that passed in the Senate last May would provide critically needed reform of the H-2A program and immigration laws as they pertain to labor-

intensive agriculture. We also believe – through years of first-hand experience – that a solution will only work well if it incorporates the fundamental elements contained in the so-called AgJOBS provisions. The bottom line is simply this—the present situation is untenable. Florida and American agriculture are in a position of deep peril. Problems have existed for decades and are consequently complex. Reform legislation must address this complexity if widespread disruption – or even destruction – of our agricultural economy is to be avoided.

Conclusion

Members of the committee, I would like to take this opportunity to thank you for this hearing and for considering these important issues and how Congress should address them.

As you reflect on the comments I've made today, please remember that it is this emphasis on practical solutions that we look for in the next farm bill.

I thank you for the opportunity to speak to these issues and I look forward to answering your questions.



Kevin Van Dyke Biography

Kevin is the President of Skinner Nurseries. He is a Florida native, born in Miami and raised in Ft. Lauderdale. He has attended the University of Florida, and has received two degrees from Gator Country (avid college sports fan), a Bachelors of Science in Accounting(1988) and an MBA(1996). Kevin has been a CPA since 1989. Kevin has held positions as a senior with two Big 5 public accounting firms, Deloitte & Touche and Coopers & Lybrand (1988-1992). Kevin has been an Assistant Controller with a national home building products manufacturer, Visador Company (1992-1994). For the last twelve years Kevin has been an executive with Skinner Nurseries, first as their Chief Financial Officer, then Chief Operating Officer and now President.

Kevin has brought an outside perspective to the nursery industry while at Skinners, implementing many systems and processes that were picked up during his career in manufacturing and public accounting. While working with Skinner Nurseries, the business has experienced explosive growth, averaging in excess of 25% per year. Skinner Nurseries now farms approximately 1,000 acres and operates twenty-three Landscape Distribution Centers in the South. Skinner distributes approximately \$120 million in green goods every year. Combining what Skinner purchases and produces ensures a dependable and efficient supply for the landscape contractors in their market.

Kevin's work passion is to simplify the way plant material moves from farms to construction sites and eliminate the extra effort, wasted time and high costs that Landscape Contractors incur in getting plants on their job site. Kevin has led the implementation of multiple improvements within Skinner Nurseries, sales management, business modeling, purchasing and logistics systems, open book management, profit sharing, financial measurement and accountability, personnel training and development and information systems development and installation. The most important project facing Kevin and Skinner Nurseries is creating an organization that is nimble and reliable, that can truly simplify plant purchasing for contractors. Kevin is a former founding board member of the ANLA's Landscape Distribution Group, the leading trade organization focused on the Landscape Distribution segment. Kevin is a member of The Executive Committee (TEC), the leading resource for CEO's in the Country. Kevin is a favorite source of industry knowledge and often quoted or asked for publication content by the leading industry trade journals.

Kevin's personal passion is split between raising a family at the beach in St. Augustine, Florida, rooting for the Florida Gators (wait until next year), fishing and surfing around North Florida. He married his college sweetheart and has three children, ranging from eight to fourteen years old.